

# Quality Monitoring and Pay-for-Performance: How CAHPS Contributes to Value-Based Purchasing

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# Session Overview



- **New York State Department of Health**
  - Public Sector (Medicaid)
  - Health Plan Contracting and P4P
- **PacifiCare Health Systems**
  - Private Sector (Commercial)
  - Medical Group Contracting and P4P

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# Quality Monitoring and Pay for Performance: New York State's Experience

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Management  
Office of Managed Care/NYSDOH

# Material to be Covered

- Background on NYS Medicaid Managed Care
- CAHPS In NY
  - Surveys since 2000
  - Importance from a purchaser perspective
  - Uses of CAHPS Data
    - Quality Incentive
    - Quality Weight in Autoassignment
  - Renewed Interest in QI

# Background

- New York State began implementing an 1115 waiver in 1997.
- Upstate urban areas were first followed by New York City.
- To date, over 2.4 million recipients enrolled statewide.(4 million total)

# Background

- 29 fully capitated plans (enrollment ranges from 1,700 to 200,000/plan).
  - pharmacy is carved-out (but data fed back to the plans)
  - exempt pops. (HIV, SPMI, foster care kids, others)
  - SSI enrollment is voluntary
  - ~ 15% autoassigned

# Background

- Other publicly funded managed care programs:
  - ❑ 8 partial cap plans that serve upstate rural areas (20,000 members)
  - ❑ Child Health Plus (SCHIP) (530,000 members)
  - ❑ 5 HIV Special Needs Plans

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# CAHPS in NY

- State-sponsored biennial CAHPS for the 29 plans that participate in the state's Medicaid managed care program.
- Survey is subcontracted to a vendor.
- A modified version of both the child and adult CAHPS 3.0 surveys for Medicaid are used.



# CAHPS in NY

## ■ **Methodological differences:**

- ❑ provide incentive (\$1)
- ❑ smaller sample size
  - 750 adults
  - 750 parent/guardian of children
- ❑ English and Spanish survey sent
- ❑ Up to 10 calls
- ❑ NYS-specific questions
  - would you recommend your plan to a family member or friend?
  - checklist of 11 chronic conditions (used for research purposes)

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# CAHPS in NY

- Combined (adult and child) response rates:
  - ❑ **2000 survey - 42.9%**
  - ❑ **2002 survey - 40.1%**
  - ❑ **2004 survey - 43.9%**

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# Why is CAHPS Important to DOH?

- Complements understanding of quality
  - service quality vs technical quality
- Allows us to examine variability among plans
- Relationship to HEDIS/QARR Performance
  - less impact from data systems
- Actionable

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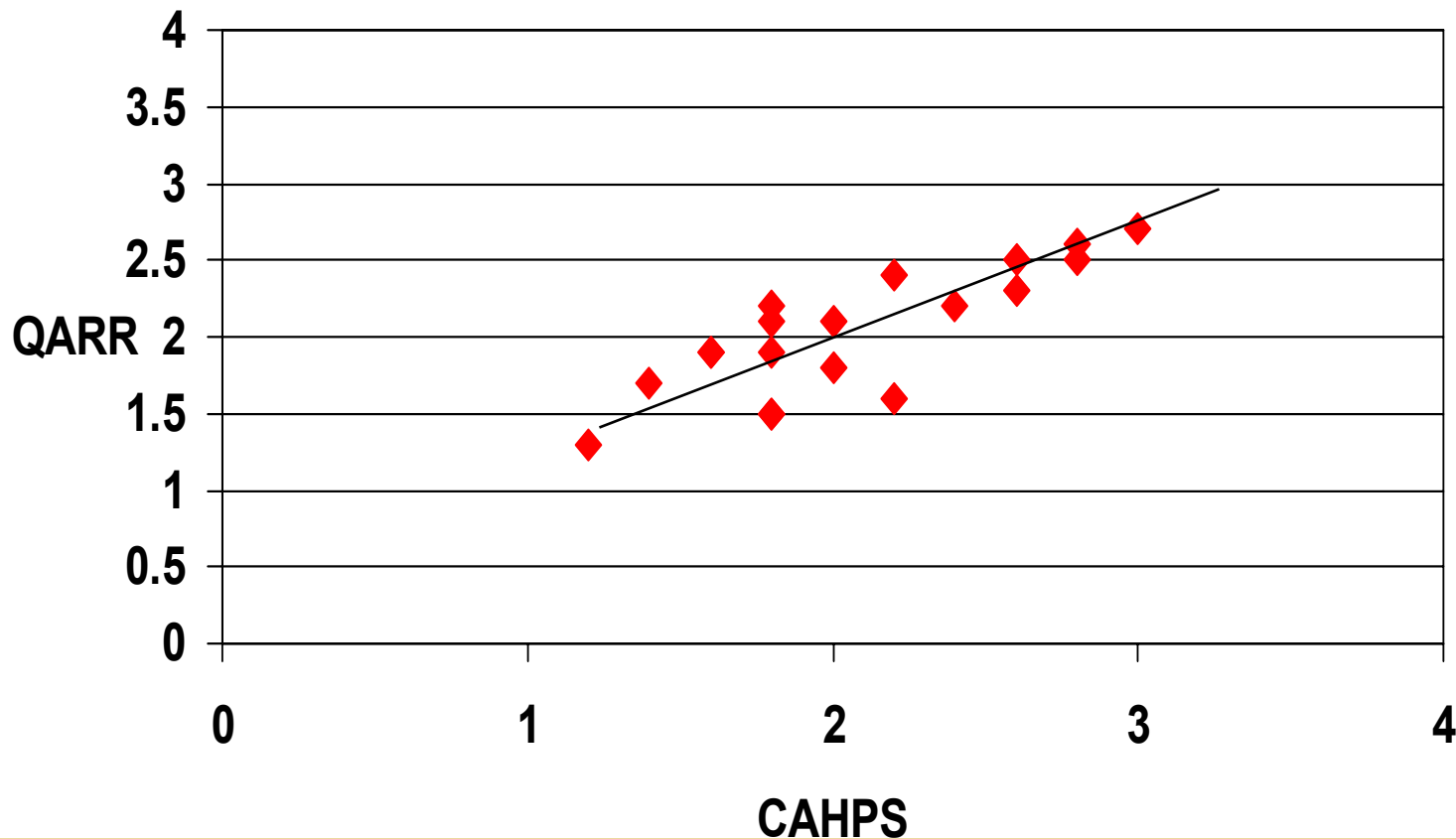
# Why is CAHPS Important ?

- Consumers understand and believe in relevance of satisfaction ratings to describe plan performance
  - Understand patient compliance component of technical preventive measures
  - NYS Consumer Guide Focus Groups

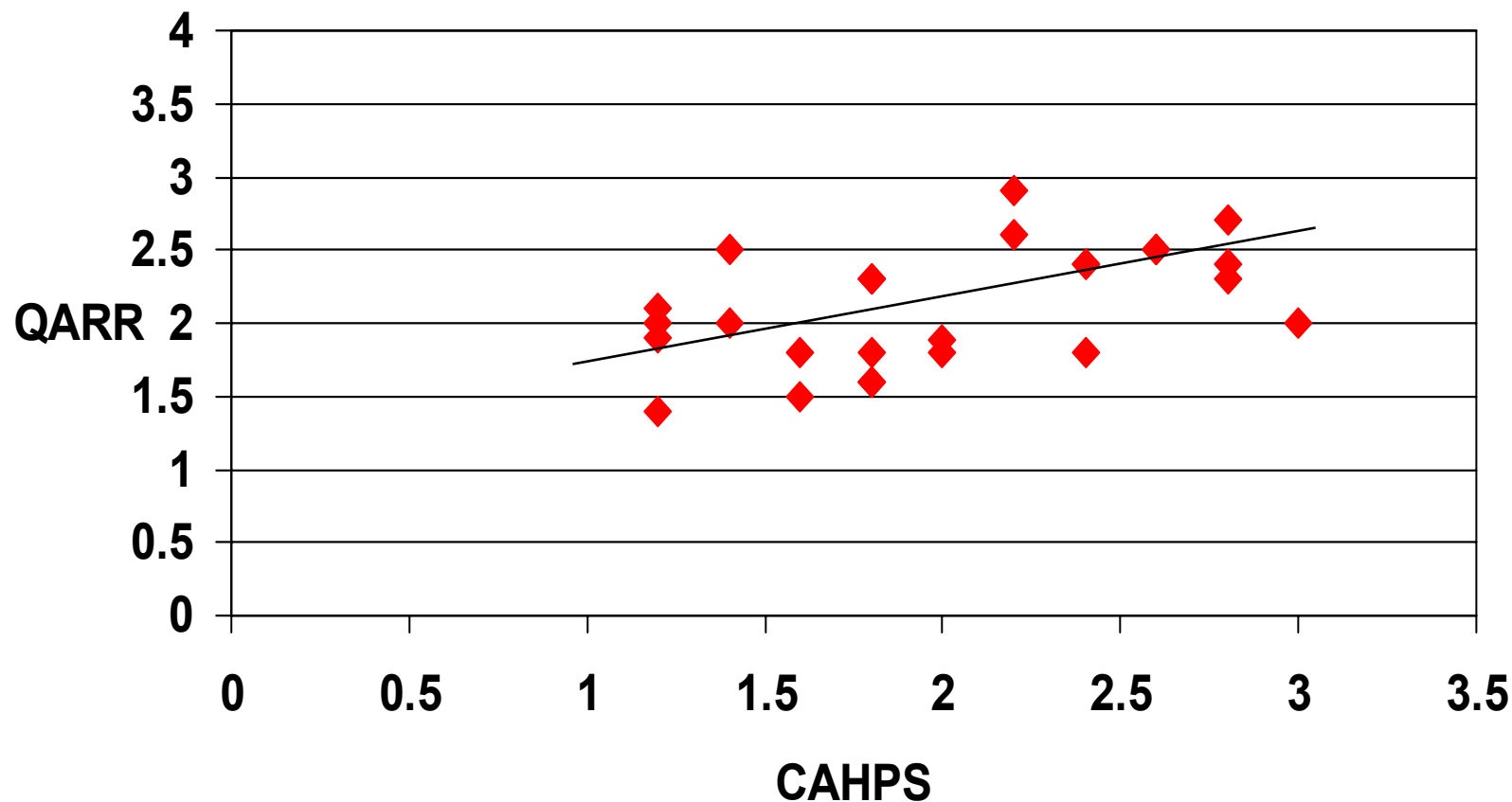
# Why is CAHPS Important ?

- Quality of care positively associated with patient satisfaction
  - Medicare HEDIS (Schneider et. al. Medical Care, December 2001)
  - Diabetes Care (Narayan et. al. Journal of the National Medical Association, January, 2003)
  - Depression Management (Orlando and Meredith, Medical Care, August 2002)

# CAHPS and QARR Scores: Commercial, 2004



# CAHPS and QARR Scores: Medicaid, 2004



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# Uses

- Public reporting:
  - Medicaid report cards, Annual Managed Care Performance Report, posting on the DOH website ([www:health.state.ny.us](http://www.health.state.ny.us))
- Research
  - special populations: smokers, autoassignees, persons with behavioral health problems
- Internal Quality Assurance



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# Uses continued

## ■ Quality Incentive/Quality Weight in Autoassignment

- ❑ Implemented in fall of '02. Plans can earn an extra 1% of premium if they perform well.
- ❑ Also allows DOH to direct autoassignees to high performing plans.
- ❑ CAHPS data counts as 1/3 of the total score. (HEDIS/QARR measures 2/3 of score.)

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# Performance Measures Used in the Quality Incentive

- Childhood Immunization
- Lead Testing
- Well child 01-5 months (Encounter data)
- Well child 3-6 (Encounter Data)
- Adolescent well care (Encounter data)
- Diabetes Care – Poorly Controlled
- Appropriate Meds for persons w/ Asthma
- Chlamydia (Encounter Data)
- Advising Smokers to Quit (CAHPS)
- F/U after MH Hospitalization

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# CAHPS Measures Used in the Quality Incentive

- Problem getting care needed
- Receive services quickly
- Rating of personal doctor or nurse
- Rating of health plan
- Called or written health plan with complaints

# Results

## ■ Winners:

5 plans - 100%

5 plans - .75%

2 plans - .5%

6 plans - .25%

## ■ Losers

10 plans –

No Quality Incentive \$

-and-

No quality preference  
in autoassignment

# What that means -

- ❑ Over \$13 million distributed to high performing plans in the first 02/03 and 03/04.
- ❑ Estimated \$9.3 million to be distributed in 04/05.
- ❑ A pool of approximately 105,000 autoassignees who could provide high performing plans w/ an additional \$55 million in premium.

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# New Interest in CAHPS

- DOH sponsored a CAHPS QI day in October.
- Promoted the new CMS CAHPS Quality Improvement Guide.
- Two plans presented their efforts to understand and act on their CAHPS data that indicated problems.

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# Going Forward

- Try to incorporate more of the CAHPS data into our comprehensive assessment of plans.
- Continue to support plans that are interested in “digging in”. (Provide technical resources and analytic support.)
- Conduct a formal analysis of “PFP”. (Currently seeking grant funding.)

# Quality Monitoring & Pay-for-Performance

CAHPS User Group Meeting  
December 3, 2004

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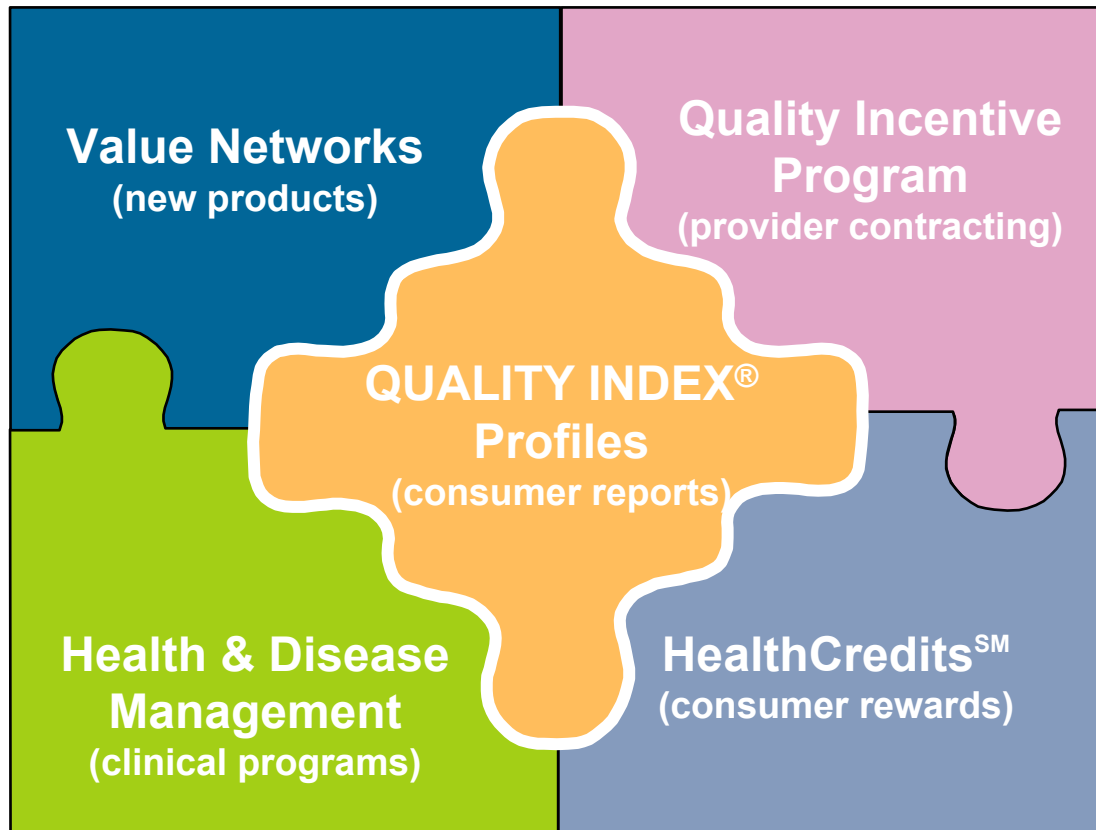
*Sam Ho, M.D.  
SVP, Chief Medical Officer*



# PacifiCare Awards & Recognition

- NCQA
  - Excellent Accreditation
  - 5 Quality Profiles
- Disease Management
  - 2003 DMAA Best M+C Program Award—CHF, CAD/stroke, COPD, ESRD
  - 2004 CMS DM Demonstration Award—CHF
  - 2004 AHIP Exemplary Practice Award—Diabetes
- QUALITY INDEX® profiles
  - 1999 Paul Ellwood Award
  - 2003 FACCT Health Care Financing Innovator Award
- SignatureValue Advantage “Productizing Quality”
  - 2003 AHIP Innovator Award
  - 2004 NBGH Award for Excellence & Innovation in Value Purchasing

# Productizing Quality – An Integrated Strategy



# Redefining Competition in Health Care

	The Wrong Kind of Competition	The Right Kind of Competition	How PacifiCare is Addressing
<b>Level of Competition</b>	Health plans, hospitals, and networks compete against one another.	Providers compete by excelling at preventing, diagnosing, and treating specific diseases or combinations of conditions.	Quality Index® profiles Value Network
<b>Objective</b>	Reduce costs by transferring them from system intermediaries (health plans or employers) to patients.	Improve value - quality of care per dollar - which is measurable only at the disease and treatment level	Provider Pay for Performance Best in Class Disease Management
<b>Geographic Market</b>	Compete only in local areas. This protects mediocre providers and inhibits spread of best practices and innovations to other locations.	Compete in the regional or national arena, especially over remedies for complex conditions. Use local providers for routine or emergency services.	Centers of Excellence Quality Index® profiles PacifiCare Physician Profiling
<b>Strategies and Structure</b>	Build facilities to treat all health conditions; consolidate facilities to bar competition; copy rivals.	Develop distinctive services and facilities that create unique value, such as Houston's M.D. Anderson Cancer Center	Provider Pay for Performance Centers of Excellence Total Choice Products

*\*Porter & Teisberg, "Redefining Competition in Health Care", Harvard Business Review June 2004*

# Redefining Competition in Health Care

	The Wrong Kind of Competition	The Right Kind of Competition	How PacifiCare is Addressing
<b>Information</b>	Provide information only about health plan coverage and subscribers' satisfaction surveys - which have little impact on value.	Publish information about providers' records in treating particular conditions, such as data on post surgical mortality rates.	Quality Index® profiles Value Networks Data Driven Outcomes / PAAX
<b>Payer's Incentives</b>	Reward payers for serving healthy subscribers only, restricting areas to out-of-network services, shifting cost to providers and patients slowing innovation.	Reward payers for helping subscribers find the best value for specific conditions, simplifying billing (one bill for each service bundle), and paying bills promptly.	Data Driven Outcomes / PAAX Risk Adjusted Premium HealthCredits Total Choice Products
<b>Provider's Incentives</b>	Reward providers for offering every service, referring patients within the network, and spending less time with patients	Reward providers for developing areas of excellence and expertise; measuring and enhancing quality and efficiency; and acknowledging, learning from, and eradicating mistakes.	Provider Pay for Performance Centers of Excellence Quality Index® profiles

*\*Porter & Teisberg, "Redefining Competition in Health Care", Harvard Business Review June 2004*

# QUALITY INDEX® Profiles – Closing the “Quality Chasm”

- Semi-annual since 1998
- Consumer-oriented, publicly disclosed
- 55 measures in clinical & service quality – PMGs
- 56 measures in clinical, service quality and utilization – Hospitals
- **Over past 5 years, 65% of measures have reflected CQI**
- **6.6% market shift annually to better performing providers**
- Foundation for tiered networks based on performance
- First MCO to market

# Quality Index<sup>®</sup> of Physician Organizations

- 50 measures
  - Clinical, Service/Satisfaction, Affordability
  - Risk-adjusted
  - Semi-annual– via web, mail, directory
- Staying Healthy
  - Mams, Paps, Childhood Immunizations, & Chlamydia Screening
- Appropriate Care
  - DRE & HbA1c Testing for Diabetics
  - Rx Drug Treatments for CHF, AMI & Asthma
  - Use of Preferred Antibiotics
  - Cholesterol Screening - Diabetes & Heart Disease
  - Anti-Depressant Medication Management
  - Hospital Readmits & Potentially Avoidable Hospitalizations
- Patient Safety
  - Safe Dosing of Pain Killers
  - Appropriate Use of Antibiotics & Cholesterol-Lowering Drugs
  - PCP Asked About Rx Drug Reactions and/or Allergies
- Patient Satisfaction (CAHPS-like)
  - Health Care, Medical Group, PCP, Referral Process, Specialist Seen Most Often, PCP Listens Carefully & PCP Is Easily Understood
- Complaints/Transfers
  - Claims/Access Complaints
  - PC Medical Group Transfers and SH Voluntary Disenrollments
- Affordability
  - Member Cost-Pharmacy and Emergency Room
- Administrative
  - Quality of Data
  - Professional/Institutional Encounter Data
- Aggregated Scores
- Best Practice “stars”

# Moving the Needle



Of **30** constant measures reported, **23** showed improved mean performance & reduced variation across provider groups.

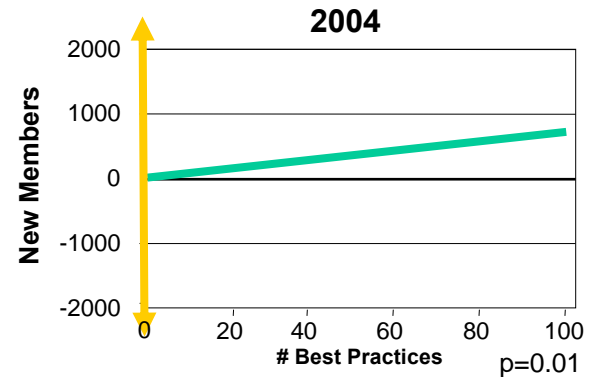
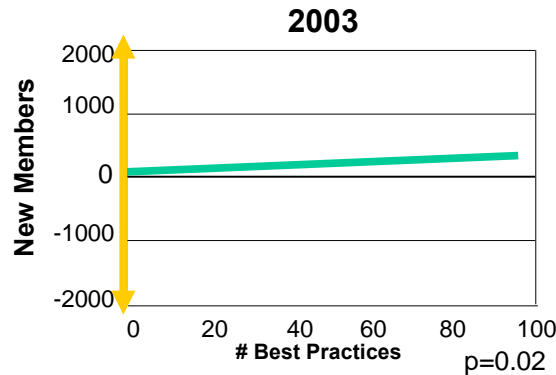
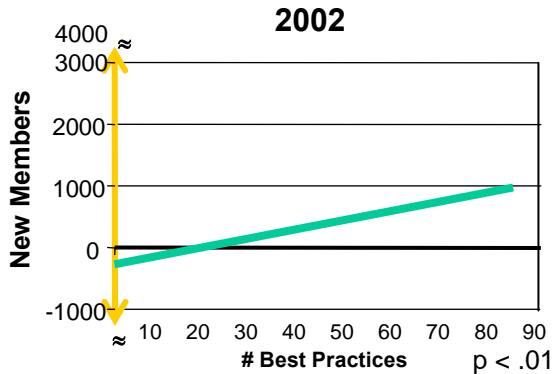
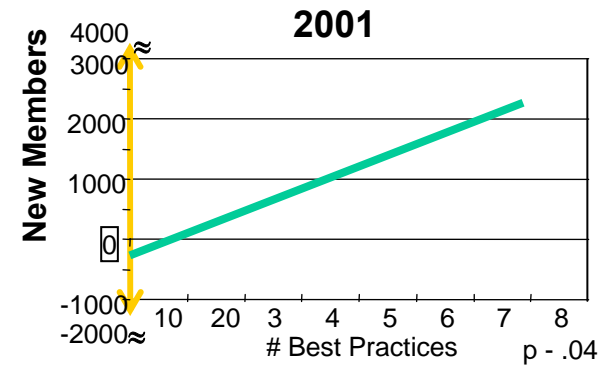
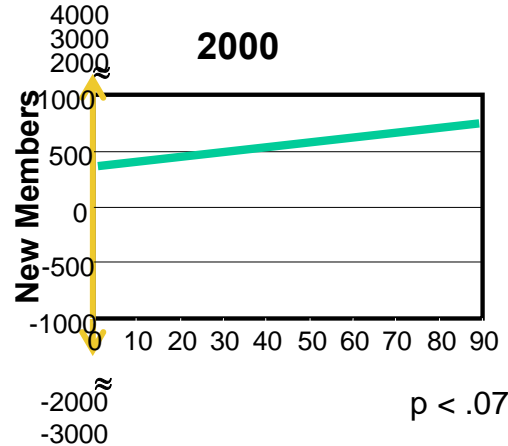
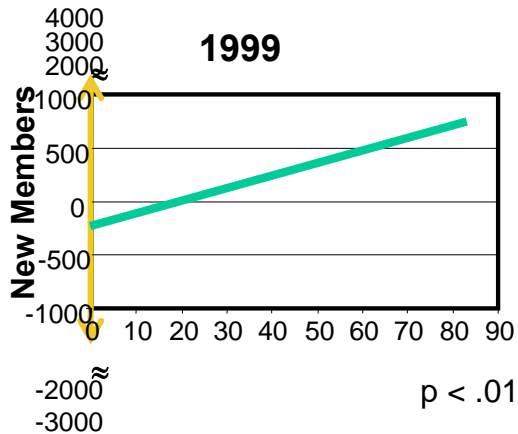
## Clinical Quality

- Mammography
  - Comm, M+C
- Diabetic Eye Exam
  - Comm, M+C
- Asthma Treatment
  - Comm
- Beta-Blocker post MI
  - M+C
- ACE-I in CHF
  - M+C
- Cervical Cancer Screening
  - Comm
- Appropriate Use of Antibiotics
  - Comm
- Safe Dosing of Painkillers
  - M+C
- Potentially Avoidable Hospitalizations
  - Comm
- Hospital Readmissions
  - M+C

## Service/Administrative Quality

- MG Satisfaction
  - Comm
- PCP Satisfaction
  - Comm
- Referral-process Satisfaction
  - Comm
- Claims-related Complaints
  - Comm, M+C
- Access-related Complaints
  - Comm, M+C
- PMG-related Transfers
  - Comm
- Professional Encounter Data Submission
  - Comm, M+C
- Institutional Encounter Data Submission
  - Comm

# Members Vote with Their Feet





# Quality Index<sup>®</sup> of Hospitals – 2003

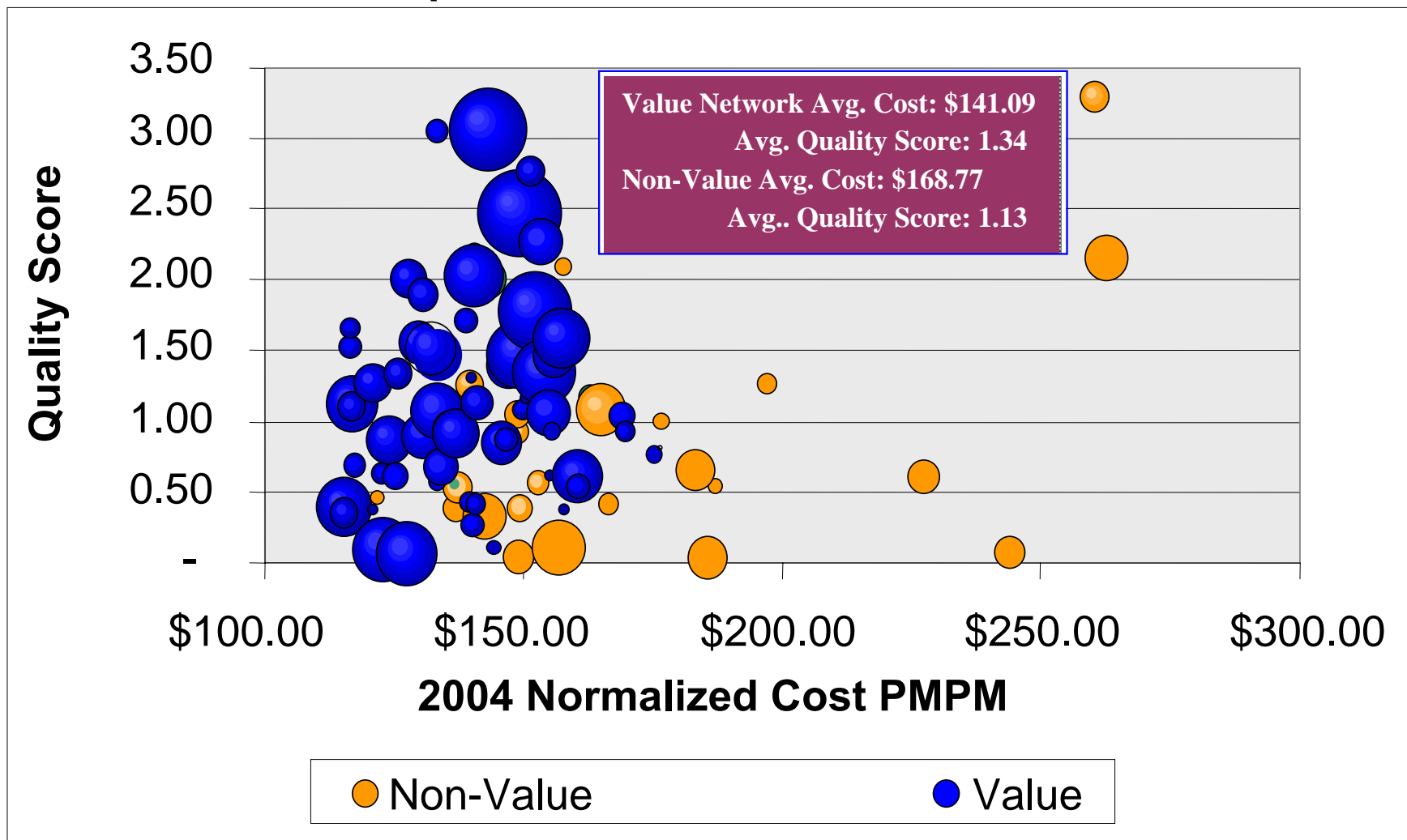
- 56 measures
  - Medical, surgical, OB, peds
  - Risk-adjusted
  - All-payor data & MedPAR data
- Appropriate care
  - Risk-adjusted complication rates
  - Cardiac, OB/GYN, peds, pulmonary, elective surgery, ortho, ICU, stroke
- Patient Safety
  - Risk-adjusted mortality rates
  - Cardiac, OB/GYN, peds, pulmonary, elective surgery, ortho, ICU, stroke
  - National Quality Forum metrics
- Patient Satisfaction (Calif)
  - PEP-C survey (113 hospitals)
- Leapfrog measures
  - Self-certified reports to Leapfrog website
  - Volume thresholds for CABG, PTCA, CEA, AAA, esophageal ca, neonatal
  - CPOE
  - Intensivist staffing
- Utilization
  - Hospital length of stay - cardiac, pulmonary, general surgery, OB, ortho, peds, ICU, stroke
- Aggregated “grades”
- Best Practice “stars”

# QUALITY INDEX® as Platform for New Products

- Value HMO Plan – SignatureValue<sup>SM</sup> Advantage
- Value PPO Plan – SignatureOptions<sup>SM</sup> Advantage
- Value network based on costs and quality – “50/15”
- Lower premium vs. standard HMO or PPO
- Broad network may still be offered (tiered or with standard plans)
- Incentives to choose better & cost-effective vs. just cheaper
- Tiered compensation and market share rewards best performing providers
- Institute new architecture for contracting and ability to impact trend
- 2004 = 19 accounts and 60,000 employees with access to value network

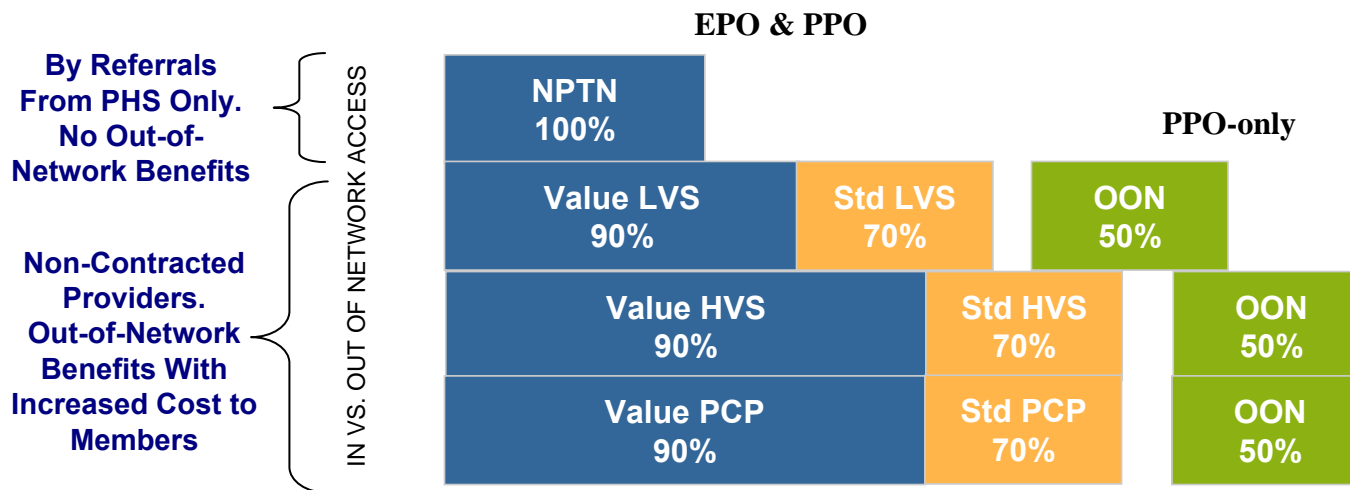
# SignatureValue<sup>SM</sup> Advantage

Example: HMO Value Network = 20%  $\Delta$



# SignatureOptions<sup>SM</sup> Advantage

## Value EPO/Tiered PPO Model



PCP = Primary Care Physician

HVS = High-Volume Specialist – e.g., OB, Dermatology, General Surgery, ENT

LVS = Low-Volume Specialist – e.g., Cardiology, Orthopedics

NPTN = National Preferred Transplant Network

\*Derived from Quality Index profile

# 2005-2006 Value Networks

- Value HMO & Value PPO
  - Southern California leverages both value of capitation and high-performance network
  - Dallas, Northern California, Portland, OR/Vancouver, WA, Seattle, Denver, Phoenix, Tucson, San Antonio
- Quality Measures
  - CFP measurement set - 62 potential
  - Leapfrog Group
  - PacifiCare Quality Index® profiles
  - Other measures from other national initiatives
- Cost Measures
  - Risk adjustment – pmpm & episode-based
  - Physicians, physician groups, & hospitals
  - PCP's and specialists

# PC 2003-2004 Quality Incentive Program

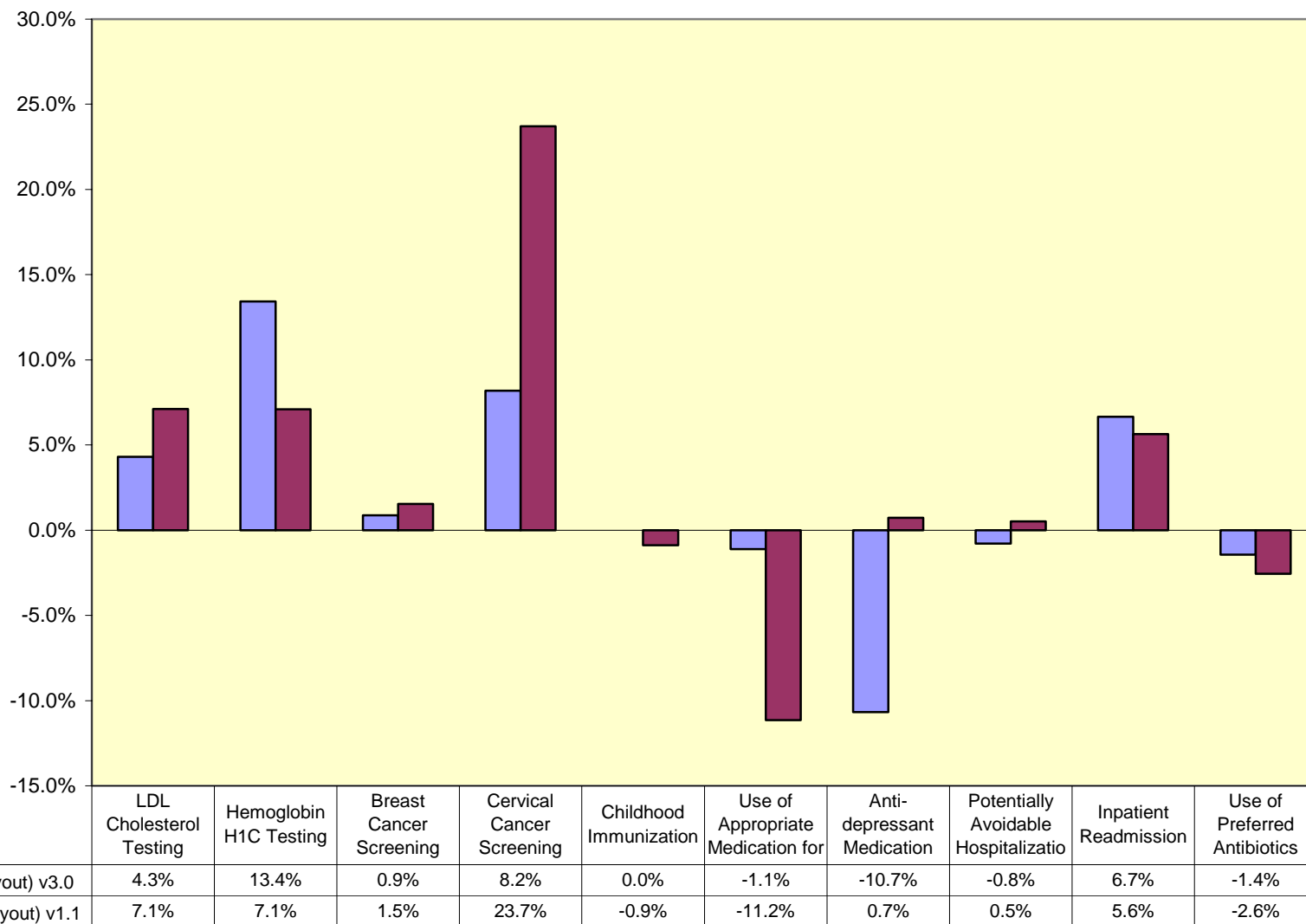
- 10 QUALITY INDEX<sup>®</sup> profile measures
- 6 Leapfrog & PEP-C hospital measures – publicly available data
- Thresholds at 75%ile per indicator with absolute values established 1Q02 (contract amendment)
- Matches quality criteria for PHS value network
- Incentive pool = \$14M
- Of 220 groups, 124 – 172 POs rewarded since 3Q03
- **13 of 16 measures improved average 34.81%**

# 2004-2005 Quality Incentive Program

- 16 QUALITY INDEX<sup>®</sup> profile of provider organization measures
- 4 QUALITY INDEX<sup>®</sup> profile of hospital measures, including Leapfrog
- All measures derived from QUALITY INDEX<sup>®</sup> profile results (PC claims, encounter, PMSTS, CSS, OSHPD, MedPAR, PEP-C, Leapfrog)
- Thresholds at 75%ile and 85%ile, with absolute values established 1Q03 for '04
- Incentive pool = \$18M in '04
- **17 of 20 measures improved an average of 20%**

# PCCA QIP: Summary of Indicator Performance

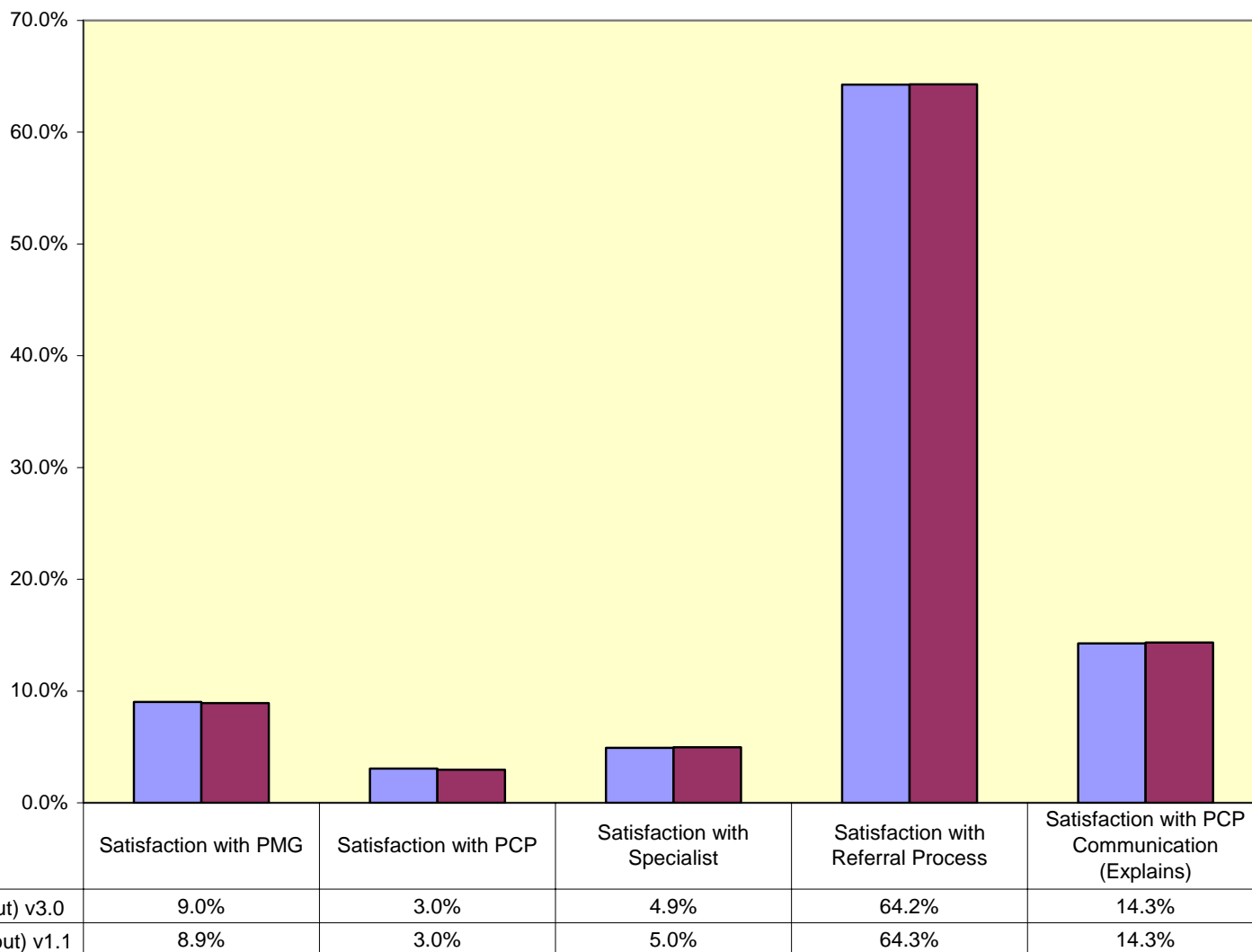
## Quality Incentive Program: Clinical Indicator % Rate Change from Baseline





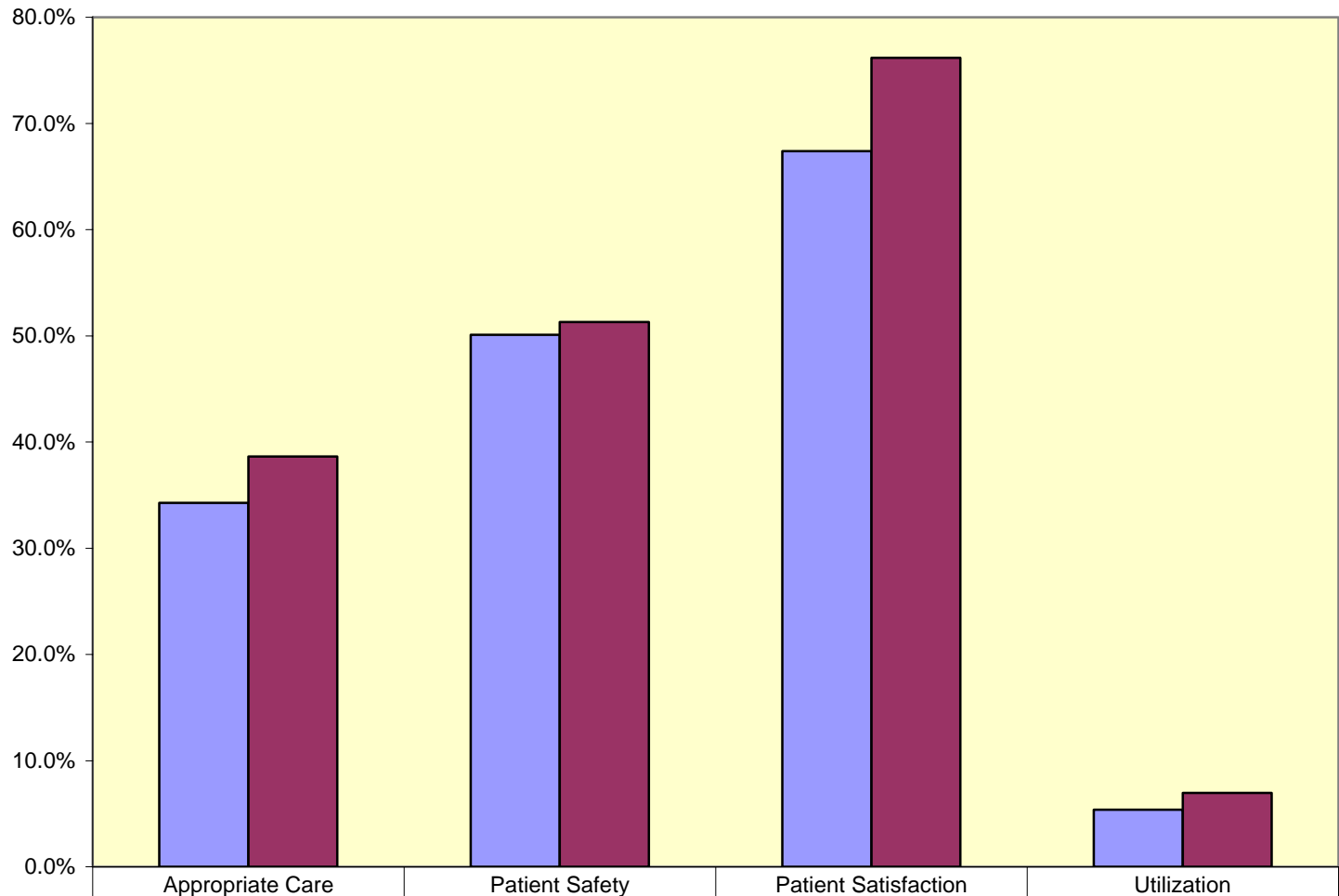
# PCCA QIP: Summary of Indicator Performance

Quality Incentive Program: Service Indicator % Rate Change from Baseline



# PCCA QIP: Summary of Indicator Performance

Quality Incentive Program: Hospital Indicator: % Rate Change from Baseline

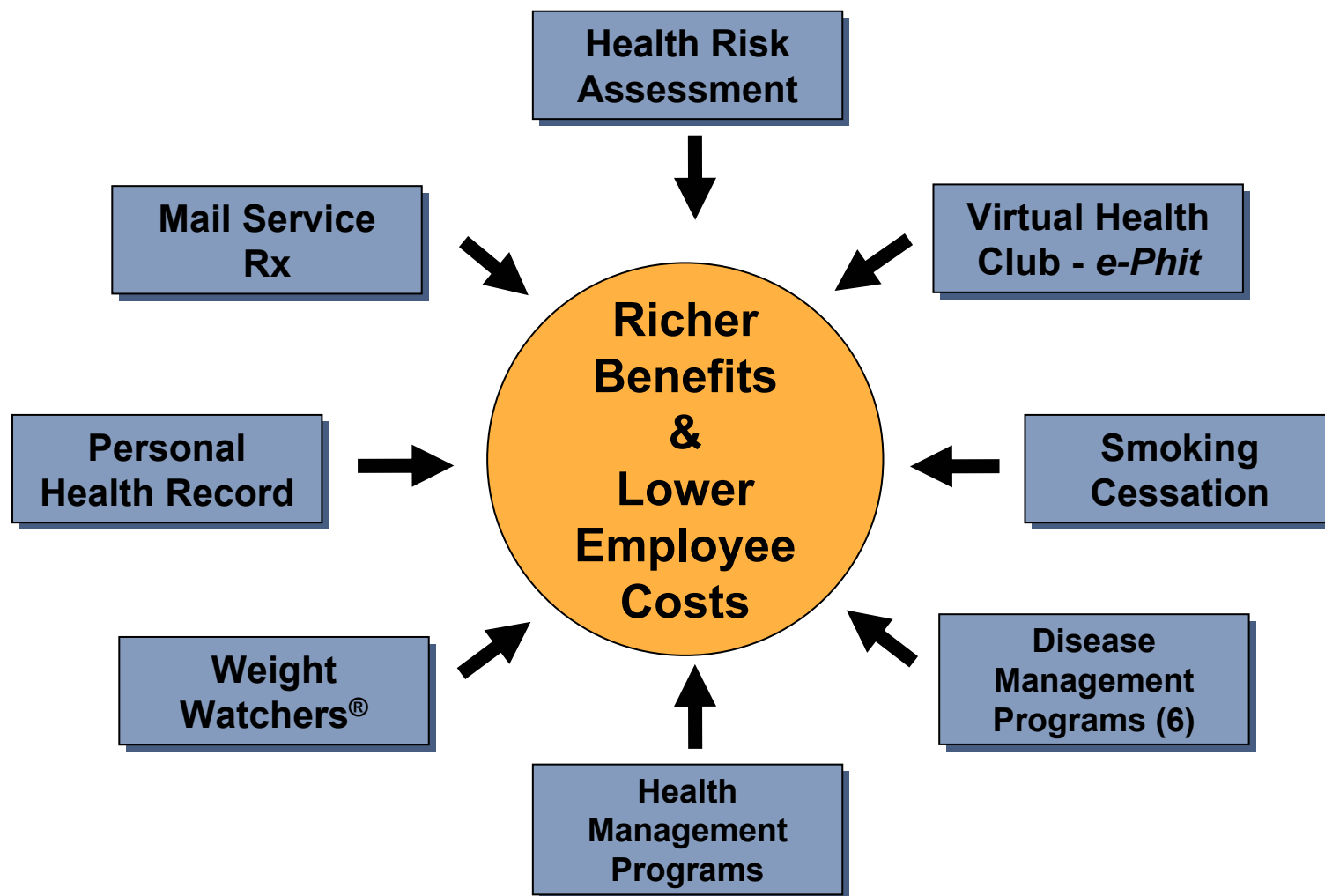


QIP 2004 July 04 (1st Payout) v3.0	34.3%	50.1%	67.4%	5.4%
QIP 2004 Oct 04 ( 2nd Payout) v1.1	38.6%	51.3%	76.2%	7.0%

# HealthCredits<sup>SM</sup>

- A suite of 16 programs promoting wellness, enabling consumers to engage in healthy or healthier behaviors
- Full spectrum of programs to address healthy members and those with chronic diseases
- Rewards based on earned credits by active participants
- Core menu of services with a set of required enrollment and minimum thresholds
- On-line tracking of individual's credits
- Included in SDHP, HMO, and PPO
- HealthCredits<sup>SM</sup>-plus—richer benefit design option based on active self management, e.g., lower premiums, co-pays, extra PTO day
- Leverage homeowners/car insurance model

# HealthCredits<sup>SM</sup>





National Business Group on Health

Presents

## **PacifiCare Health Systems**

2<sup>nd</sup> Annual Award for Excellence and  
Innovation in Value Purchasing

March 16, 2004